

Message Text

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TO AMEMBASSY ROME

SECSTATE WASHDC 5760

C O N F I D E N T I A L MILAN 2012

LIMDIS

EO 11652: GDS

TAGS: ECEM EIND IT

SUBJECT: MONTEDISON PRESIDENT AND ITS FUTURE

REF: MILAN 1939

SUMMARY: MONTEDISON PRESIDENT THREATENS RESIGN UNLESS LOSING FIBERS SECTOR TAKEN OVER BY GOVERNMENT.

1. GIUSEPPE MEDICI, HEAD OF MONTEDISON TOLD ME DEC 20 THAT FORMER VICE PRESIDENT ALBERTO GRANDI HAD LEFT BECAUSE HE WAS TIRED (SEE MILAN 1939). GRANDI HAD BEEN WITH MONTEDISON SINCE ITS CREATION AND WAS DEEPLY COMMITTED TO PAST POLICIES AT EVERY TURN. THIS WAS NOT THE CASE FOR HIMSELF, MEDICI STRESSED. SO, WHEN YEAR END ACCOUNTING SHOWED LOSSES SEVERAL TIMES THOSE THAT GRANDI HAD PROJECTED, NATURALLY, SOMETHING HAD TO GIVE. AND THAT WAS GRANDI, ACCORDING TO MEDICI.

2. GRANDI COULD HAVE HAD ANY OTHER JOB IN MONTEDISON HE WANTED - OTHER THAN REMAINING AS HEAD OF OPERATIONS. THEY HAD DISCUSSED HIS

CHOICES AT LENGTH AND MEDICI SAID THEY HAD WORKED VERY WELL- NOT CONFIDENTIAL

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JUST WELL BUT VERY WELL TOGETHER. IN THE END, GRANDI DECIDED FOR A CLEAN BREAK. AS A RESULT, MEDICI HAD TAKEN OVER OPERATIONS HIMSELF.

3. AS FOR MONTEDISONS FUTURE, IT DEPENDED ON HOW THE ARTIFICIAL FIBERS COMPLEX WAS HANDLED. IT WAS THE BIG LOSER WHILE THE REST OF THE COMPANY WAS SUBSTANTIALLY SOUND.

4. MEDICI SAID THAT HE HAD GIVEN THE ANDREOTTI GOVERNMENT HIS PROPOSED SOLUTION TO MONTEDISON TROUBLES MORE THAN A MONTH AGO. IT WAS TO PEEL OFF THE FIBERS SECTOR AND MAKE IT A STATE OWNED AND MANAGED COMPANY. THAT WOULD LEAVE THE HEALTHY PART OF MONTEDISON A PRIVATE FIRM. IT WAS POSSIBLE THAT WITH AN INCREASE IN PRICES THE WHOLE ARTIFICIAL FIBERS GROUP COULD BECOME PROFITABLE AGAIN SINCE THERE WERE HEALTHY PARTS OF IT EVEN NOW.

5. WOULD THE COMMUNISTS AGREE TO SUCH AN OPERATION WHICH GAVE THE STATE ONLY THE LOSING PART OF THE COMPANY?

6. MEDICI INSISTED THAT THEY HAD TO FAVOR THE TAKE OVER OF THE FIBERS SECTOR TO SAVE THE JOBS AND TO EXTEND STATE OWNERSHIP.

7. THAT WAS HIS SOLUTION. MEDICI SMILED DRYLY. THE GOVERNMENT COULDN'T WAIT MUCH LONGER TO DECIDE. AND IF IT FAILED TO ACCEPT HIS PROPOSAL, MEDICI WOULD LEAVE MONTEDISON WITHIN THE NEXT FEW MONTHS.

8. MEDICI, WHOSE LINED, WHITE, LEAN FACE WITH ITS TRIMMED WHITE GOATEE RESEMBLES COUNT SFORZA IN HIS LATTER YEARS, DOES NOT ACT LIKE A MAN OF 70. HE IS QUICK, ALERT, AND TO THE POINT. ALTHOUGH OTHER MEMBERS OF THE MONTEDISON BOARD OF DIRECTORS DISMISS HIM AS TOO OLD, TO TIRED, AND TOO INEXPERIENCED, HE

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CONVEYS AN IMPRESSION OF ARISTOCRATIC TOUGHNESS AND INTELLIGENCE THAT AT LEAST RAISE THE POSSIBILITY THAT HE MAY KNOW WHAT HE IS DOING.

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